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U.S. DEPARTMENT OF JUSTICE
GENERAL INVESTIGATIVE DIVISION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Complaint on Sunday
and Holiday Collections

Docket No. C2001-1

BRIEF OF THE UNITED STATES POSTAL SERVICE

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INTRODUCTION

The instant proceeding was initiated pursuant to 39 U.S.C. § 3662. The relevant portion of that section reads:

Interested parties ... who believe that they are not receiving postal services in accordance with the policies of this title may lodge a complaint with the Postal Rate Commission in such form and in such manner as it may prescribe. The Commission may in its discretion hold hearings on such complaint. . . . If a matter not covered by subchapter II of this chapter is involved, and the Commission after hearing finds the complaint to be justified, it shall render a public report thereon to the Postal Service which shall take such action as it deems appropriate.

By the plain language of the statute, the necessary focus of a service complaint proceeding such as the instant one must be whether the service being challenged is or is not in accordance with the policies of the Act. Similarly, in order to find a complaint to be justified, the Commission would need to identify policies (or, at the least, a policy) of the Act with which service is not in accord.

As currently postured, the only remaining portion of the complaint involves service on or before holidays. The complaint as filed also sought review of the Postal Service's Sunday operations, but the Commission declined to entertain that portion of the complaint. Order No. 1307 (March 20, 2001) at 14. No provisions of the Act appear to address holiday service, or to establish specific policies regarding holiday service. Certainly the complainant has not identified any provisions of the Act that establish specific policies regarding holiday service with which he alleges the Postal Service fails to conform. Instead, his amended complaint identifies the general "adequate and efficient postal services" standard of subsection 3661(a) as the statutory

policy with which he alleges current service on holidays, Christmas Eve, and “possibly” New Year’s Eve may not comply. Amended Complaint (March 29, 2001) ¶¶ 20, 34. Therefore, the Postal Service’s obligation to meet the “adequate and efficient” standard of subsection 3661(a) would appear to constitute the policy framework against which the complaint should be evaluated.¹

The complainant has not come close to sustaining his burden to show that service on and before holidays causes overall service to fail to meet the “adequate and efficient” standard. While the Postal Service currently tends to do less outgoing processing on holidays than may have occurred in previous years, there is no coherent basis to equate that trend with a material failure in the adequacy or efficiency of service. Similarly, implementation of decisions made at the local level to advance collections in some cities on one or two days a year -- Christmas and New Year’s Eve -- does not rise to the level of substantially nationwide service that fails to conform to the policies

¹ Two points bear mention at this point. First, the complaint also included allegations that current holiday service does not conform to the provisions of the Postal Operations Manual (POM). Complaint, ¶¶ 21, 33. The provisions of the POM are not equivalent to policies of the Act, however, and the Commission declined to proceed on the portions of the complaint premised on alleged variance between current operations and the provisions of the POM. Order No. 1307 (March 20, 2001) at 14-15. Second, the complaint also included allegations that the Postal Service had instituted nationwide changes in holiday service without seeking to elicit an advisory opinion pursuant to subsection 3661(b). Complaint, ¶¶ 20, 34. It was (and remains) the position of the Postal Service that such an allegation does not meet the jurisdictional prerequisites of section 3662, because subsection 3661(b) does not constitute a “policy” of the Act. While the Commission does not share that view, and declined to dismiss the complaint on the basis, the Commission found that once it had decided to go forward, the issue of “whether an advisory opinion should have been requested falls into the background.” Order No. 1312 (May 7, 2001) at 6. The Commission agreed that the focus of subsequent stages of the proceeding should relate to the current level of service, and omitted the alleged failure to comply with the procedural provisions of subsection 3661(b) from the list of issues which the Commission contemplated addressing. *Id.*

of the Act. The complaint has not been justified.

Following the structure of Mr. Carlson's two-part direct testimony, this brief first discuss service on the holidays themselves, and then separately discusses service on holiday eves.

I. MR. CARLSON HAS NOT SHOWN THAT CURRENT HOLIDAY PRACTICES CREATE POSTAL SERVICES THAT FAIL TO BE IN ACCORDANCE WITH THE POLICIES OF THE ACT

In the first part of his testimony, filed on September 19, 2001, Mr. Carlson reviews some historical trends and explains the things about current Postal Service practice on holidays that he finds unsatisfactory. He also presents some suggestions as to how he would like to see things improved. As well-intentioned as that testimony may be, however, it plainly does not provide an adequate basis to conclude that the Postal Service is failing to provide service that conforms with the policies of the Act.

A. No Policy Basis Exists to Require Any Particular Level of Outgoing Holiday Service

The Postal Service, like the rest of the federal government, observes ten national holidays each year. On those holidays, most post offices are closed, and there is no delivery except for Express Mail. Mr. Carlson, however, does not complain about retail or delivery service on holidays, or allege that the lack of such activities constitutes inadequate or inefficient postal service. Instead, his complaint is limited to the treatment of outgoing mail, specifically, collection and outgoing mail processing. Complaint, ¶¶ 13-21. Yet Mr. Carlson never explains why outgoing mail is more deserving of holiday service than incoming mail. From a policy perspective, there is no

apparent reason why it should be. Whatever societal purposes are advanced by absolving delivery and retail personnel from an obligation to work on federal holidays would presumably be equally advanced with respect to absolving collection and mail processing personnel from the same obligation. The Postal Service cannot both observe holidays and simultaneously maintain equivalent levels of service on holidays as on non-holidays. If elimination of some amount of service is intrinsic to holiday observance, no policy or provision of the Act compels that outgoing mail service be elevated in priority relative to incoming mail service.

Mr. Carlson's failure to come to terms with this fundamental reality undermines his entire discussion of the "need" for outgoing mail service on holidays. See Testimony, Section V (pgs. 13-21). The thrust of his argument is that (what he perceives as) the high amount of outgoing mail in the system on holidays proves a high level of "need" for outgoing holiday service:

I believe that the closer a holiday cancellation volume is to a normal day's cancellation volume, the higher the customer need is for outgoing mail processing on that holiday.

Testimony at 15. He uses the term "stranded mail" to describe mail that, but for a holiday suspension of outgoing operations, would move through the originating facility on the holiday. *Id.* at 16-17. He neglects to discuss, however, that there surely exists a greater amount of incoming mail -- generated in the normal course of business on the days before the holiday -- that is stranded in mail facilities by virtue of the suspension of delivery on holidays. For example, if Independence Day falls on a Thursday, the amount of incoming mail that would otherwise be delivered that day (consisting, presumably, of 3-day mail deposited on Monday, 2-day mail deposited on Tuesday, and

overnight mail deposited on Wednesday) is certainly greater than the amount of outgoing mail generated and deposited on the holiday itself, when businesses are closed and households are generally pursuing other endeavors. Thus, as cited by Mr. Carlson himself in his testimony at 17, outgoing mail volumes on holidays are but a fraction of mail volumes on normal days. If the “need” for holiday service were appropriately measured by the amount of mail in the system on holidays, Mr. Carlson should be complaining about, if anything, the lack of holiday delivery of incoming mail, not the lack of holiday processing of outgoing mail.²

In reality, the amount of mail in the system on holidays should not be assumed to reflect customers’ “need” for holiday service. A large portion of customers who deposit mail in the system on or before holidays may be essentially indifferent whether that mail is worked on the holiday at all.³ The only customers we can necessarily assume truly

² Mr. Carlson relies heavily on his stated belief that, “as a general principle, ... customers who deposit mail in collection boxes need their mail to be collected and processed within one day.” Testimony at 14. As he must acknowledge, however, this is merely his personal belief. There is no policy or provision of the Act which compels concurrence with the general principle he chooses to advocate. If the principle were amended by the addition of the single word “business” between the words “one” and “day” (i.e., “within one business day”), there is no reason to believe that it would be any less in accord with the policies of the Act, or any less in accord with the expectations of the mailing public. Moreover, recognizing that the term “delivery day” is often used in postal jargon as a synonym for “business day,” we arrive back at the conclusion that there is nothing inherently unreasonable about parity on holidays between incoming delivery operations and outgoing processing operations.

³ Of course, if he believes to the contrary, one option available to Mr. Carlson would have been to conduct quantitative market research regarding holiday mailing issues in an attempt to ascertain objectively the motivations and expectations of, specifically, persons who deposit mail on holidays, and, more broadly, the public at large. He presented no such evidence to support his complaint. Instead, he relies on his own anecdotal observations at post offices, and unsupported speculation regarding the motivations and expectations of those he observed. Testimony at 13-14. While the

“need” mail service on holidays are those who are willing to pay for it by upgrading to Express Mail, which is both accepted and delivered on holidays. Other mail may show up in the system on holidays simply because it is more convenient for mailers to deposit it then, rather than wait until after the holiday. They may do so with no more expectation that the mail will be processed on the holiday than that mail will be delivered on the holiday.⁴

B. Historical Analysis of Past Practice Reveals No Policy-Based Minimum Level of Outgoing Holiday Service

Since there is no *policy* reason why holiday observance would not include the suspension of collection and processing operations as well as delivery and retail operations, Mr. Carlson must resort to *historical* observations. Testimony; Section III, pgs. 1-9. In this regard, he is almost certainly correct to link gradual trends in holiday collection and processing with the very deliberate and highly publicized elimination in 1988 of Sunday collection and processing. See Testimony at 2. The potential significance of the 1988 change in Sunday operations on holiday mailing practices is substantial. Prior to 1988, there was one day each week, Sunday, in which delivery

Postal Service appreciates the potential difficulties that may be involved in obtaining useful statements of consumer preference regarding postal services on federal holidays, it is difficult to refrain from noting that the primary root of such difficulties is likely to be the fact that Mr. Carlson has chosen to pursue an issue that, if it appears on the public's radar screen at all, does not loom large.

⁴ Mail may also be deposited on a holiday by mailers who are oblivious to the significance of the date, just as some homeowners on Columbus Day amble to the curb to check their mailboxes and walk away scratching their heads as to why their mail has yet to be delivered. It is, at best, difficult to assess the “needs” of such customers for holiday service.

and retail operations did not occur, but collection and outgoing processing operations did. Similarly, as Mr. Carlson suggests (Complaint ¶14, Testimony at 1-2), it appears prior to 1988 that most major facilities on many (if not most) holidays ran collections and processed outgoing mail, despite the lack of delivery and retail operations.

It seems plausible, therefore, to posit some connection in the minds of the mailing public historically between the types of postal services they could expect on Sundays, and the types of postal services they could generally expect on holidays. Consequently, subsequent to 1988 and the elimination of Sunday collections and processing, in light of such a perceived connection between Sunday and holiday service, mailer expectations that mail would be collected and/or processed on holidays may have diminished substantially. Correspondingly, postal officials may also have begun to question the need on holidays for operations beyond the now-diminished level of activities performed on Sundays.

As much as anything, that type of questioning probably explains the trend in holiday processing observed over the last decade. See Response to DFC/USPS-9. It is necessary, however, to place the significance of that historical trend in the appropriate perspective. Mr. Carlson appears to concede that, historically, substantial mail processing activity did not occur on all holidays. His testimony states that, even for years prior to 1988, he was never able to obtain a machine cancellation for Christmas or New Year's. Testimony at 2. This history is important because it establishes that, even before the period of which Mr. Carlson complains, outgoing mail service on holidays appears never to have been universal. Stated alternatively, during Mr. Carlson's benchmark era, on at least two holidays, most facilities apparently did not

process outgoing mail.

Compare that with the current situation. As shown in the information provided by the Postal Service and recounted by Mr. Carlson (Testimony at 6), the number of holidays on which most facilities do not process mail has grown. In 2000-2001, the number was seven, although, as Mr. Carlson carefully notes, Veteran's Day appears on that list probably because it fell on a Saturday in 2000. It would have been omitted from the list in 1999, in which case the number of holidays on which most facilities do not process mail falls back down to six. Conversely, there are four holidays on which most facilities generally still do process outgoing mail.

Thus, one way to describe the historical trend of which Mr. Carlson complains is as follows. In the benchmark period, outgoing mail was generally processed on some holidays, and generally not processed on other holidays. Currently, in contrast, outgoing mail is generally processed on some holidays, and generally not processed on other holidays. Obviously, the relative proportions have shifted somewhat over time. Nevertheless, one is prompted to query, so what? There was no apparent basis in policy or principle why Christmas and New Year's Day would have been treated differently from all other holidays in the benchmark period. Therefore, there is no apparent basis in policy or principle to object when other holidays also began to be treated more like Christmas and New Year's in more recent years. Mr. Carlson's historical analysis may be interesting, but it fails to provide any appropriate basis to justify his complaint.

C. The Anticipated Ability to Handle Workload Appropriately Drives Decisions Regarding Outgoing Holiday Operations

To summarize the discussion thus far, policy suggests no reason why personnel assigned to incoming delivery operations and outgoing collection and processing operations should be treated differently with respect to their ability to observe and enjoy federal holidays, or why the Postal Service should disparately supply incoming and outgoing services on holidays. Moreover, history shows that holiday operations have probably never been consistent across different holidays, but suggests no principled reason to distinguish among holidays in the abstract. Instead, when seeking to understand the presence or absence of outgoing holiday operations, what emerges as the predominant explanatory factor is workload. Succinctly stated, the Postal Service generally collects and processes mail on holidays when and where postal officials believe that it maximizes operational efficiency to do so. When officials conclude that the expected workload can be handled more efficiently on the day after the holiday (i.e., at less cost, with less impact on employee morale, and without service disruption on that day), they tend not to schedule holiday operations.

Of course, as indicated by Mr. Carlson's assertions and the available historical record, in years past, outgoing operations were conducted more regularly on most holidays. Recently, by comparison, the proportion of instances in which officials have scheduled and conducted outgoing holiday operations has tended to decline. This development, however, is consistent with the above-identified role of workload for at least two possible reasons.

First, there simply may have been a decline in the amount of mail deposited on

holidays. As suggested above, it is entirely possible that the elimination of Sunday collections and processing in 1988 caused some mailers to either explicitly or implicitly assume that those operations had been eliminated on holidays as well. The more distant become memories of the prior availability of outgoing service on one day each week (i.e., Sunday) despite the absence of delivery on that day, the less likely mailers would be to posit the availability of outgoing service on holidays when they know delivery will not be provided. Such a phenomenon, to the extent it occurred, would over time have the effect of reducing the amount of mail tendered on holidays. Any such reduction in workload would reduce the potential benefits available to offset the costs of bringing employees in on the holiday to handle collection runs and to initiate and staff outgoing operations.⁵

Second, the workload analysis is also affected by changes in technology. Equipment-related improvements in the ability of facilities to handle a given total amount of collection mail on the day after a holiday may cause officials to conclude that

⁵ It is also conceivable that, over time, there have simply been shifts in the ways in which certain holidays have been observed by the public. Compared with a generation ago, some fairly broad and significant cultural and economic changes have occurred. Trends in variables such as the percentage of dual-income households, the proportion of jobs in the service sector versus the manufacturing sector, the diminished prevalence of the “traditional” nuclear family, the development of the “new” economy, and the demographic effects of varying rates of birth and immigration, are all potential factors which, operating from both the employee and the employer perspective, could cause people to tend to spend their holidays differently than in past eras. Whatever changes in behavior on holidays might have been engendered by such trends could indirectly have also caused people to alter the amounts of mail they are likely to deposit on and around holidays. While the potential effects of these types of phenomena are admittedly unclear, their existence does caution against any simplistic assumption that the available workload of mail on holidays would have remained static if postal operations had just remained constant.

whatever mail would be available on the holiday could now be handled more efficiently the next day. In contrast, in earlier years, without the better technology, the efficient solution to handle the same total mail might have been to schedule operations for both days (the holiday and the day following). This factor was noted in the Postal Service's Response to DBP/USPS-22, which also discussed the relationship between these types of improvements in the operating environment for collection mail, and the Postal Service's ability to handle letter mail with less dependence on Remote Encoding Centers (RECs). As reported in the testimony of the Postal Service's operations witness in the most recent omnibus rate proceeding, the total REC volumes peaked in 1997. See Testimony of Linda Kingsley, USPS-T-39 at 6, Docket No. R2001-1. The same developments in technology that enabled REC volumes to begin to decline after 1997 clearly could be contributing to the declines in reported holiday cancellations that can be observed for the years subsequent to 1997 in the Postal Service's supplemental response to DFC/USPS-10 (June 28, 2001).⁶

Obviously, in any effort to seek to understand workload trends on holidays, it would be inappropriate to ignore the potential interdependence between reductions in holiday operations, and the amount of mail deposited on holidays by customers. In the Postal Service's response to DFC/USPS-9, this was referred to as the chicken-and-the-

⁶ Other potentially relevant changes in the operating environment were discussed in the response to DFC/USPS-48. These include, for example, a more *ad hoc* approach to scheduling for individual holidays, due to the absence (since 1988) of Sunday plant operating plans that were routinely applied to holidays as well. Additionally, a general tightening up of the mail processing environment has reduced the opportunity to use potentially excess capacity on a holiday as a beneficial means to catch up on backlogged mail volumes. These types of factors may also contribute to the observed decline in the occurrence of holiday processing.

egg phenomenon. As less mail is deposited on holidays, it is rational for postal officials to scrutinize holiday operations and eliminate activities that can be conducted more efficiently during non-holiday tours. Conversely, as holiday operations are curtailed, it is rational for more mailers not to bother to deposit mail on those days. The interaction of these factors, regardless of which occurs first, could result in a gradual diminution of the amount of mail collected and cancelled on holidays.

Among the actions of the Postal Service which have probably contributed to this cycle, as Mr. Carlson notes (Testimony at 18), is the deletion of holiday collection times from collection box labels. Field managers currently are instructed to indicate a holiday collection time on the box label only if mail from the box is collected and processed every holiday, as shown in the attachment to the response to DFC/USPS-3. Given that, nationwide, almost no facilities run their outgoing operations on *every* holiday, the vast majority of collection boxes labels now show a blank field for holiday collections, in accordance with those instructions. While the magnitude of the effect of this development on holiday workload may not be clear, the direction of the effect has in all likelihood been to reduce the amount of mail deposited on holidays, relative to what might have been deposited had more boxes continued to display holiday pickup times. Moreover, blank fields for holidays appearing on collection boxes next to blank fields for Sundays may also have reinforced the notion that the elimination of outgoing processing on Sundays extended to holidays as well. The cumulative effect is that mailers would seem less likely to be depositing mail on holidays now, in comparison with an earlier era in which the schedule labels on a large portion of collection boxes did indicate holiday collection pickups.

But postal officials, when assessing anticipated holiday workload and the strategic options available for handling that workload, must focus on current realities, rather than trying to imagine what holiday workloads might be under other circumstances. They make their assessments, moreover, in the context of meeting overall service and budget objectives. Holiday operations do not exist in isolation. The nature of operating budgets dictates that if more resources are expended to staff operations on holidays, unless the overall budget is increased, a commensurate amount of resources would have to be withdrawn from operations during some non-holiday period. Postal managers, therefore, rationally take an approach in which they seek to deploy their staffs when they can maximize the benefits obtained in exchange for the cost of the labor. This is the essence of “efficient” in the policy objective of “adequate and efficient” services. Applied in the context of holiday operations, this approach generally favors the postponement of the collection and processing of outgoing mail until the day after the holiday, if such postponement would not unduly disrupt the ability to maintain service objectives on that day.⁷ It is consistent with the Postal Service’s obligation to provide service that, overall, is adequate and efficient. To the extent that Mr. Carlson’s complaint consists of a challenge to this approach, he has provided no reasoned basis to conclude that it is not in accord with the policies of the

⁷ One caveat to this description is in order. It turns out that there also appear to be circumstances in which, despite previous expectations not to staff outgoing operations on a particular holiday, a fortuitous confluence of available staff and available workload nevertheless happens to occur during a holiday tour. An example of such an occurrence was provided in response to DFC/USPS-61. Under such circumstances, using the available staff to process the available workload is entirely consistent with the above-described overall objective of using resources most efficiently.

Act. Mr. Carlson might prefer more outgoing mail service on holidays, but the Act does not require it.

D. Public Awareness of Holiday Operations is Adequately
Commensurate with Public Interest

In neither the complaint as originally filed, nor as amended, did Mr. Carlson allege deficiencies in the information available to the public regarding outgoing mail service on holidays. See Complaint, ¶¶ 13-21. Nevertheless, in choosing to entertain Mr. Carlson's complaint, the Commission elected to expand the proceeding to consider the issue of whether the public is adequately informed of holiday postal operations. See Order No. 1307 at 15-17 (March 20, 2001), Order No. 1312 at 6 (May 7, 2001). That topic is addressed next.

The most common source of public information about holiday operations in general is likely to be the local media, especially newspapers. On each federal holiday, newspapers usually provide information about postal services, along with the information on local government offices, courts, mass transit, parking regulation, trash collection, and similar activities that are either actually or potentially disrupted by varying holiday schedules. The postal information most likely to appear in the paper is that post offices will be closed, and that there will be no regular delivery service. It might be noted that Express Mail will be delivered, and, in larger towns and cities, the location of a facility at which Express Mail can be deposited might also be provided. As Mr. Carlson (Testimony at 9) suggests, however, media announcements typically do not include details on whether mail will be collected, or whether outgoing processing operations will be conducted. Nevertheless, such notices still serve to alert readers that

because of the holiday, it is not business as usual at the post office. In their generic form as described above, moreover, these notices certainly should not create any affirmative expectations on the part of customers that outgoing mail (other than Express Mail) will be processed.

The other place mailers may look to ascertain holiday mail service is on the pickup schedules appearing on the collection boxes themselves. Holiday pickup times, however, are indicated on only about one percent of collection boxes nationwide.⁸ In the vast majority of instances, therefore, mailers who approach a collection box on a holiday will find a blank field in the holiday schedule portion of the label. Based exclusively on inspection of such a label, it would hardly seem reasonable for the mailer to assume nonetheless that mail deposited in that collection box on a holiday would necessarily be collected until after the holiday.

These two sources of information -- local media and collection box labels -- constitute the most likely influences on the public's impression of outgoing holiday mail service. In each instance, there is likely to be no affirmative indication that mailers should expect outgoing collection and processing of normal letter mail. Instead, mailers are left to infer that all normal postal operations are suspended on the holiday.⁹ To the extent that they even consider the matter, therefore, most mailers should be inclined to believe that they cannot expect outgoing mail service on holidays. For these mailers, in

⁸ Those one percent of boxes will be discussed in a separate section below.

⁹ The same is also true of the holiday notices distributed nationwide in the Postal Bulletin and displayed in retail lobbies, which are another common means by which customers may become aware of the days on which impending holidays will be observed.

essence, holiday simply means holiday.

If the Postal Service never did any outgoing processing on holidays, the information currently available to the general public could reasonably be construed to be in accord with that practice. The more salient question then becomes the significance of the fact that the Postal Service on some holidays actually does conduct a substantial amount of outgoing processing at some facilities. As discussed above, the Postal Service, based on anticipated workload, tends to schedule outgoing operations on holidays when and where postal officials believe that it maximizes operational efficiency to do so. This combination of some processing on some holidays, and no general effort to affirmatively publicize the presence or absence of processing on holidays, results in what Mr. Carlson refers to as the “mystery” status of holiday processing. Testimony at 2.

In Mr. Carlson’s mind, the lack of more detailed and accurate information on holiday service is a problem. Testimony at 9-12. The Postal Service does not share this opinion. Most simply stated, the Postal Service’s current practice is reasonable because it is preferable to any plausible alternative. To support this view, we need to examine those alternatives.

One alternative would be to eliminate all routine outgoing processing on holidays, so that all holidays became operationally indistinct from Sundays. Ultimately, that might be the optimal resolution of these matters, as technology and workload evolve. But currently, it may not be operationally feasible. The amount of processing conducted on certain holidays suggests that, for the present, there are circumstances in which managers view holiday processing as the most efficient means to handle their

anticipated workload. They appear to benefit from the flexibility currently afforded them, and there does not yet appear to be sufficient justification to deprive them of that flexibility. While some might opine that the complete elimination of holiday operations at least would remove any ambiguity in terms of public communication, such a notion would not seem to constitute an adequate rationale for this rather extreme step, which carries with it the possibility of impaired service on days after holidays, increased costs, or both.¹⁰

A second plausible alternative might be to reduce flexibility, but not eliminate it.

This corresponds to Mr. Carlson's vision:

Field officials will need to decide, for each holiday, whether they will or will not collect and process outgoing mail – and then commit to it. There is nothing unreasonable in expecting postal officials to decide on a level of holiday service and then provide it.

¹⁰ For the sake of completeness, one could argue that, in addition to prohibiting any holiday processing, another way to eliminate flexibility in pursuit of perfect consistency would be to go completely in the other direction and to *require* outgoing collections and processing at all facilities on all holidays. We omit this possibility from the discussion, however, because it is not a plausible alternative. As even Mr. Carlson acknowledges, even prior to 1988, such was never the practice, and there is simply no reason to imagine that it could be seriously contemplated under current conditions.

Another related variation of this alternative might be continue to process on holidays as currently (i.e., on some holidays in some places), but undertake substantial measures to inform the public that it should have no expectations of holiday processing. In practical terms, though, it is easy to envision that those measures would be translated into the message that holiday processing will no longer be conducted. By affirmatively taking such measures, the Postal Service would seem to run the risk of creating, in some circumstances, an even larger gap between actual holiday practice and what the public perceives holiday operations to be. Mr. Carlson is already critical of the possibility of “unexpectedly fast service.” Testimony at 12. Therefore, what amounts to merely pretending to eliminate all holiday service (i.e., by taking steps which could create the impression that this has occurred) is likewise rejected as a nonplausible alternative.

Testimony at 24. What Mr. Carlson is proposing is to allow facilities to maintain holiday-to-holiday flexibility, but abandon any year-to-year flexibility. According to Mr. Carlson, the primary benefit of such a scheme is that it would allow whatever level of service was selected for each holiday to be communicated to the public. *Id.* at 24-25. If the world were completely static, Mr. Carlson's view might have some merit. Because the world is not, however, other factors must be taken into account.

Three come to mind. First, fixed-date holidays (New Year's, Independence Day, Veteran's Day, and Christmas) migrate year-to-year in terms of the day of the week on which they are observed, and it is conceivable that workload on some holidays might be materially affected by such migration. Second, as discussed above, mail processing technology and equipment, and with them the broader mail processing environment, are constantly evolving, and what may have made sense one year may not the next. Third, as also discussed above, holiday operations do not occur in a vacuum. A facility's overall ability to stay on budget may vary in ways that could not have been anticipated in advance. Mr. Carlson's regime would reduce options that otherwise might be employed to manage to budget. Cost cuts that currently might be made on a holiday would simply have to be made somewhere else.

There is surely some irony to Mr. Carlson's reference to his preferred holiday-specific approach as the "Mobile solution." Testimony at 25. He does so because, as he describes on pages 22-24 of the Testimony, certain collection boxes in Mobile Alabama previously displayed schedule labels that include *ad hoc* notations that the posted holiday collection schedule did not apply on certain designated holidays. While Mr. Carlson praises this effort to attempt to better inform the public of holiday

operations, he likewise criticizes the fact that, with respect to at least one holiday (Memorial Day, 2001), Mobile was unable to conform its service to Mr. Carlson's expectations based on the information posted on the boxes. Testimony at 23. In fact, Mr. Carlson's experience is nothing more than a clear manifestation of the difficulties likely to be encountered when attempting to "lock in" facilities to the conduct of outgoing operations on specific holidays. Flexibility cannot be sacrificed without a cost.¹¹

That is probably best illustrated by the situation in the Pacific Area on Veteran's Day, 2000. On pages 10 and 20-21 of his testimony, Mr. Carlson bemoans the decision of the Pacific Area on October 27, 2000, to reverse an earlier determination to require plants to process outgoing mail on the upcoming Veteran's Day holiday. As he indicates, the decision to change course was based on a teleconference amongst local and Area officials. While Mr. Carlson views the result of these consultations as a setback, the Postal Service views them as a product of the appropriate exercise of the flexibility afforded by current practice. Whatever factors caused the initial plans to be changed had clearly not been anticipated earlier. Locking into commitments to process on certain holidays, years in advance, would preclude consideration of such factors. This example shows how some of the benefits of the existing flexibility would be lost under Mr. Carlson's alternative.

¹¹ Perhaps even more ironic, by virtue of the resulting scrutiny when Mr. Carlson caused the Mobile situation to be brought to the attention of higher officials, all boxes in the entire Alabama District no longer display any holiday collection times. See the response to DFC/USPS-59 (July 16, 2001). This action brought the District into compliance with the current guideline to refrain from posting any holiday collection times unless mail from the boxes in question will be collected and processed on every holiday.

A final plausible alternative would be to continue existing practice on holidays in terms of operations, but to endeavor at each facility on each holiday to take whatever steps are necessary to make the public aware whether or not outgoing service will be provided. Theoretically, this alternative would seem to capture the best of all possible worlds -- the flexibility valued by the Postal Service, the public awareness valued by Mr. Carlson. The problems become, what actual steps are we talking about, and what are the costs associated with those steps? Moreover, how would one deal with a situation, such as that described above in the Pacific Area on Veteran's Day 2000, in which the operating plan for the holiday was changed relatively late in the game? Indeed, there are other instances, such as those discussed in response to DFC/USPS-61 and 76, in which holiday operations were (or may have been) actually conducted despite earlier decisions not to schedule such operations.

Even assuming that these types of real world difficulties could be surmounted, however, the more fundamental problem is the public's essential indifference to the presence or absence of outgoing operations on holidays. Trying to inform the public of something about which the vast majority of the public simply does not care is like trying to push on a rope. For example, details on holiday plans for processing operations presumably could be inserted in press releases, but this level of information would only reach the public if the media chose to include such details in their reporting. The media is not inclined to provide information that from its perspective does not appear to be newsworthy. If media reports do not voluntarily provided detailed information on holiday operations, the only other alternative would be to incur the costs necessary to making that information available as paid advertisement. There is simply no indication that the

level of expense involved under those circumstances would be justified by the level of public interest.

In this discussion, we come to the nub of the problem with Mr. Carlson's entire complaint. His implicit premise is that there is a material portion of the mailing public for which a discrepancy exists between what they need or expect in terms of outgoing holiday service, and what they actually receive. If that is not the case, there is no basis to conclude that holiday service is anything other than adequate under the relevant policies of the Act. Yet Mr. Carlson has made no showing that his premise is realistic, because he has made no showing that the views he expresses represent anything other than his own personal opinions. In point of fact, the pendency of this complaint was noticed in the Federal Register on March 26, 2001. 66 Federal Register 16504-09. Since that date, no additional individual or organization has intervened, or, as near as can be determined, shown the least bit of interest in this proceeding.¹² Mr. Carlson's complaint appears to be a classic example of a solution in search of a problem.

The Postal Service does not purport to suggest that its current public notification practice with regard to outgoing holiday operations is particularly elegant, or even that it is the result of any comprehensive or deliberate analysis. With perhaps the one exception discussed below, however, it functions well enough to satisfy the needs of mailers. Explicitly, mailers are made aware of the days when federal holidays will be observed, and of the fact that normal postal operations will be disrupted on those days.

¹² The only intervenor to this proceeding, David B. Popkin, requested to intervene as a limited participant on November 8, 2000, long before the Federal Register notice was published.

Implicitly, mailers should generally have no expectations that mail deposited on holidays will necessarily be collected or processed. At some level, of course, mailers probably understand that mail is more likely to be dispatched, for example, on Columbus Day than on Christmas Day. And those understandings, vague as they may be, work to the benefit of the Postal Service because they allow the economical conduct of holiday processing in circumstances in which the workload on the day following might otherwise impede efficient operations.¹³ Yet the lack of any rigid structure discourages any expectations of entitlement to holiday processing on the part of the mailers, and leaves with the Postal Service the flexibility to handle the workload in the most efficient manner. As a practical matter, this arrangement seems to work. It works primarily because most mailers are willing to accept the natural consequences of observing federal holidays, and are indifferent as to whether their mail is processed on holidays or not.

E. For the Tiny Fraction of Collection Boxes with Posted Holiday Schedules, the Postal Service Intends to Better Align Actual Practice with the Current Instructions to the Field

As noted in response to DFC/USPS-3 and discussed above, current instructions to the field are that no collection box should display a holiday pickup time unless mail from the box is expected to be collected and processed on every holiday. Only a

¹³ In other words, for a facility even to have the option to work mail on the holiday rather than on the day following, mailers have to deposit it on the holiday in order for it to be available to be worked. As long as mailers have the general understanding that mail might be processed on certain holidays, they can more reasonably be expected to continue to deposit any mail they generate on those holidays.

minute portion of nationwide collection boxes -- in the order of one percent -- display a holiday pickup time. It is clear, however, that most of those boxes are in service areas served by facilities that do not process mail on every holiday. A comparison of the 3-digit ZIP Codes of the only five facilities that were identified in DFC/USPS-26 as cancelling mail both on Christmas and New Year's -- Cleveland (440-41), Milwaukee (530-32), Fargo (580-81), Bismark (585-86), and Lincoln (683-85) -- with the 3-digit ZIP Codes of the collection boxes with posted holiday collection times, shown on page 3 of the attachment to Postal Service's response to DFC/USPS-19 (October 9, 2001), shows very little overlap. (Mr. Carlson makes the same point on page 67 of his testimony, filed as a portion of Part 2 on April 24, 2002.) The Postal Service is reiterating to the field the importance of adherence to the current instructions. See the attached Memorandum from the Chief Operating Officer, dated June 26, 2002. The expected response to this action should be the removal of posted holiday collection times from almost all, if not all, of the small fraction of boxes that currently display a holiday pickup. When accordance with the field instructions is achieved, there should be no instances in which misleading expectations of holiday pickups are created by collection box labels.

**II LOCAL DECISIONS TO ADJUST COLLECTION SCHEDULES ON
HOLIDAY EVES IN SOME LOCATIONS DO NOT CREATE A MATTER
OF POLICY TO BE CONSIDERED BY THE COMMISSION**

In the second part of his direct testimony (pgs. 26-66), filed on April 24, 2002, Mr. Carlson discusses his concerns about adjustments to collection schedules on holiday eves. Although this discussion is lengthy, consisting of approximately 40 pages,

the salient facts can be stated fairly succinctly. First, as a practical matter, the only holiday eves truly germane to his complaint are Christmas Eve and New Year's Eve.¹⁴ Second, other than when those two eves fell on a weekend or, as in 1999, when they fell on a Friday, Headquarters has been instructing the field to maintain normal collections on Christmas and New Year's Eves. Third, to use the most recent holiday season (December 2001) as an example, despite a stated Headquarters' preference for normal collection schedules to be maintained, a distinct minority of Districts nonetheless chose to adjust collection schedules on either Christmas Eve or New Year's Eve or both. According to the information provided as Attachment 2 to Part 2 of Mr. Carlson's testimony, 15 Districts adjusted their collection schedules on one or both of those days. The Postal Service currently has a total of 85 Districts, so last year over 80 percent of Districts were unaffected by the holiday eve adjustments of which Mr. Carlson complains.

¹⁴ Throughout the proceeding, Mr. Carlson has focused substantial attention on the situation in the New York District on Monday, July 3, 2000. Yet in the five pages of his testimony (pages 49-51, 65-66) on which he addresses this topic, he fails to acknowledge the most distinguishing feature affecting postal operations that day in New York. That Monday was not merely the day before Independence Day, it was also, as fully discussed in the responses to DFC/USPS-35 and 38, a day in which festivities surrounding the arrival of the tall ships (Operation Sail) were disrupting normal activities on a massive scale. To debate whether postal officials in New York handled those extraordinary circumstances optimally or not – and the Postal Service believes that their actions were reasonable – simply would not advance a discussion regarding operations on normal holiday eves which do *not* coincide with other extraneous events. On the other hand, the only other portion of his holiday eve testimony discussing a holiday period other than Christmas Eve or New Year's Eve, pages 54-55, discusses a post office in Pasadena on the day after Thanksgiving. That entire matter is outside the scope of this proceeding, as it involves what appears to be a totally local situation on a day other than a holiday eve. Thus, as even Mr. Carlson appeared to acknowledge in his complaint (see ¶¶ 22-34), the only holiday eves that even arguably appear to merit serious discussion are Christmas Eve and New Year's Eve.

Commission Rule 82 regarding “Scope and nature of complaints” provides in relevant part that “complaints ... with regard to an individualized, localized, or temporary service issue not on a substantially nationwide basis shall generally not be considered as properly raising a matter of policy to be considered by the Commission.” In criticizing holiday eve collection adjustments, Mr. Carlson is raising issues that are patently localized, temporary, and do not occur on a substantially nationwide basis. Mr. Carlson himself goes so far as to characterizes the affected localities as “rogue districts.” Testimony at 29, 66. On the topic of holiday eve collections, Mr. Carlson is not properly raising a matter of policy to be considered by the Commission. Instead, he seeks to second-guess operational decisions made on a local level to respond to significantly diminished levels of collection volume that occur on one or two days a year when the public’s attention is focused elsewhere. Mr. Carlson’s disenchantment with those decisions does not and can not constitute a failure to provide postal services in accord with the policies of the Act.

Notwithstanding the fact that local adjustments to collection schedules on holiday eves do not constitute a cognizable subject for a valid service complaint under section 3662, the Postal Service will offer some comments on the part of Mr. Carlson’s testimony which addresses that topic. Beyond criticizing the very occurrence of holiday eve collection adjustments, it is additionally Mr. Carlson’s general contention that advance notification efforts typically associated with such adjustments are likely to be insufficient to reach all possible mailers, and it is furthermore his specific contention that with respect to a very limited number of areas where he was personally present, such notification efforts were actually insufficient. In fact, those districts that last year chose

to adjust collections appear to have complied with the general guidelines establishing minimum requirements for advance public notification in circumstances in which districts wish to have EXFC testing modified to accommodate anticipated collection schedule adjustments.

Without conceding either the accuracy or the representativeness of Mr. Carlson's specific allegations regarding what has happened on holiday eves in the past, the Postal Service has taken the opportunity to examine the issue of whether it makes sense for a small minority of districts routinely to advance collections on Christmas and New Year's Eves. The relevant trade-offs considered were between the potential operational benefits perceived by those districts that advanced collections in prior years to take advantage of low collection volumes, with the potential service benefits of nationwide consistency and adherence to the posted collection schedules despite low collection volumes. The conclusion reached was that the better course of conduct was to instruct all districts to conform to what has been the customary Headquarters guidance to the field, and to maintain normal collections. Attached to this brief is the memorandum reflecting this conclusion that was circulated by the Chief Operating Officer to the Area Vice Presidents. Compliance by the field with this guidance should alleviate in the future the routine occurrence of the conditions of which Mr. Carlson complains regarding holiday eves.

CONCLUSION

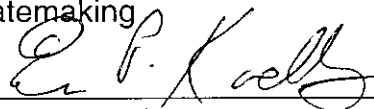
For the reasons stated above, the Postal Service submits that the complaint initiated by Mr. Carlson regarding outgoing mail service on and before holidays has not been justified. He has failed to show that the Postal Service is not providing postal services in conformance with the policies of the Act.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel
Ratemaking

A handwritten signature in black ink, appearing to read "E. P. Koetting", is written over a horizontal line.

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July 9, 2002



June 26, 2002

VICE PRESIDENTS, AREA OPERATIONS
MANAGER, CAPITAL METRO OPERATIONS

SUBJECT: Policy on Holiday and Holiday Eve Collections

Recently there have been questions on Postal Service policies for holiday and holiday eve collections. To facilitate uniform nationwide customer expectations in this highly visible area, our policy must be consistent nationally and clear to all retail and delivery managers. Specifically:

- Unless the mail from a receptacle is collected and processed on every holiday including Christmas and New Year's Day, no holiday pick-up can be shown on the receptacle's Collection Time Decal. Despite the absence of a holiday pick-up time, mail can still be collected (e.g. on non-widely-observed holidays) to avoid box overflows or advance processing for the next processing day.
- Routine district-wide collection adjustments on holiday eves will not be permitted and EXFC testing will not be suspended. However, requests to advance or suspend collections in a localized area will be approved if collections are impractical due to special activities (e.g. Times Square in New York City on New Year's Eve, special requests from public officials due to public events such as parades, festivals, etc.). Effective prior notice to the public will be required. Notification efforts should include the media and attempts to notify the public directly. Direct notification should include prominent signs in all relevant retail locations and should be made sufficiently in advance to allow customers to adjust their mail deposits, if necessary. Please refer to the Transit Time Measurement System policy of the Consumer Advocate's office for specific requirements.

If you have any questions concerning these policies, please contact Mike Spates, manager, Delivery Operations at (202) 268-6854.

A large, stylized handwritten signature in black ink, appearing to read "PR Donahoe".

Patrick R. Donahoe

cc: Ms. Gibbons
Mr. Jaffer
Ms. Smith

CERTIFICATE OF SERVICE

I hereby certify that, in accordance with section 12 of the Rules of Practice, I have this day served the foregoing document upon:

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July 9, 2002